

## **OVERVIEW**

Last year, the Mayor and Cincinnati City Council asked the City Manager to direct a panel of private-sector leaders to reform economic development in the City. The Task Force approached this effort from the position that collaboration and diverse perspectives could lead to significant and groundbreaking recommendations. In partnership, this Task Force presents its recommendations to the Mayor in an important step to improving life for all businesses and residents of the City.

Cincinnati's economic development mission should be to assist and promote business and industry in attracting, creating and preserving jobs and investment that provide a full range of employment opportunities and economic benefits to all residents. While the economic vitality of any city is directly related to the vitality of its core, it is important to remember that its neighborhoods are also very important and the City's development strategy should be owned by all of its residents. The development strategy should include all areas within the city limits and leadership should constantly work to ensure that there is equitable and fair sharing among all parties.

We hope that this report will serve as a blueprint for doing business in the City of Cincinnati and ask that the Mayor and City Council strongly consider these recommendations for implementation. We look forward to assisting in any way possible to making sure that Cincinnati remains the vibrant core of a thriving region.

## **INTRODUCTION**

In the Spring of 2002, Cincinnati City Council passed resolution #200205079 which stated that:

*We move that the City Manager direct a panel comprised of private sector and other leaders appointed by the Mayor to reform economic development in the City. This panel shall make recommendations to the Mayor and Council on steps the City must take to spark economic growth in the city, including consideration of, but not limited to, full-scale regulatory reforms as well as the potential creation of an independent development authority that can issue bonds and utilize eminent domain powers.*

Mayor Charlie Luken appointed the 18-member task force in June comprised of:

- **Co-Chair:** George A. Schaefer, Jr., President, Fifth-Third Bank
- **Co-Chair:** Valerie Lemmie, Cincinnati City Manager
- Keith Glaser, Principal, Excalibur Development Corp.
- Renee Mahaffey-Harris, Executive Director, Local Initiatives Support Corp.
- J.J. Johnson-JioDucci, Vice President/CRA, Key Bank
- Rick Kimbler, Principal, R.M. Kimbler Interests, Inc.
- Jim King, President, Community Redevelopment Corp.
- David Krings, County Administrator, Hamilton County
- Dale McGirr, Vice President/Finance (retired), University of Cincinnati
- Robert Richardson, Business Administrator, Laborers Union Local 265
- James Ritter, Senior Investment Banker, Ross, Sinclaire & Associates
- Kathy Schwab, Residential Development Adviser, Downtown Cincinnati Inc.
- Rob Smyjunas, President, Vandercar Holdings Inc.
- Daniel Staton, President, The Walnut Group
- Pete Strange, CEO, Messer Corp.
- Terry Sievers, President, The Drees Company
- Donald Troendle, Executive Director, Cincinnati Metropolitan Housing Authority
- Nick Vehr, Vice President/Economic Development, Greater Cincinnati Chamber of Commerce

KMK Consulting Company (KMKC) was retained shortly after members of the Task Force were announced and was charged with providing strategic consulting and facilitation services to the Task Force. KMKC assisted in evaluating the current economic development operation of the City of Cincinnati as well as designing and evaluating other organizational and delivery structures, encompassing the best practices of other comparable cities across the country.

KMKC was also responsible for supporting three subcommittees of the Task Force: the Regulatory Subcommittee dedicated to analyzing and re-engineering the City's regulations impacting the development process within the City; the Incentives Subcommittee dedicated to reviewing successful economic development programs in other communities and making recommendations regarding their introduction in this market; and the Coordination Subcommittee dedicated to analyzing the City's economic development delivery system.

Alan Mallach, a consultant from New Jersey hired by the Greater Cincinnati/Northern Kentucky Local Initiatives Support Corporation, was asked to present his findings to the Task Force regarding setting the mission for economic development in the City, strategies, tools, division by geographic area and function, organizational models, and key stakeholders. Mr. Mallach made his presentation on August 13, 2002.

The City also hired the International Economic Development Council (IEDC), led by Jeffrey Finkle, to review economic development trends and best practices of like-sized communities in the following areas: business recruitment and attraction; business retention and expansion; brownfield redevelopment; cluster development; downtown development; infrastructure development; neighborhood economic development; small business development; tech-led development; transportation development; venture capital development; and workforce development. Mr. Finkle made his presentation to the Task Force on September 10, 2002.

Finally, the City hired the Ben Graham Corporation, an industrial process engineering firm, to review of the City's permit process. He found that there are 473 steps which a customer must go through to get a permit.

Based upon his proven success in Dayton with the Development Enhancement Services Team, Mr. Graham was retained to further examine the permit process in Cincinnati. He has spent the last several months facilitating meetings with City staff involved with reviewing plans and issuing building permits to examine ways in which the process can be streamlined. This group of City staff will take ownership of the review, make recommendations for improvement, and ultimately become the champions of change at City Hall. Mr. Graham's work is expected to be complete in May of 2003.

### **CITY STAFF INTERVIEWS**

KMKC interviewed the directors of City departments involved with economic development: Planning, Community Development, Finance, Law, Architecture, Transportation, Buildings & Inspection, MSD, Water, and the City Manager's office. The purpose of the interviews was to discuss any thoughts each of the directors may have had regarding the economic development system in the City of Cincinnati, the role they saw their respective departments playing in the economic development activities of the City, any potential impediments, and any suggestions regarding the City's overall approach to development.

## **REGULATORY SUBCOMMITTEE**

The Regulatory Subcommittee first met on August 9, 2002. Task force members on this Subcommittee included: Rob Smyjunas, Keith Glaser, J.J. Johnson-JioDucci, Dale McGirr, James Ritter, and Kathy Schwab. Jerry Honerlaw (Principal, Vineyard Homes) also served on this Subcommittee as a representative of the Homebuilders Association. The Subcommittee met at least 3-4 times per month during the span of the Task Force.

The purpose of the Regulatory Subcommittee was to analyze and re-engineer the City of Cincinnati's regulations impacting the development process. The Subcommittee was to address issues related to economic development within the City, including but not limited to existing city and/or state law, City policies and procedures, permitting, zoning, preliminary plan review, and communication between City departments and customers.

Discussed below are three of the Subcommittee's recommendations. Attached as Appendix A are the full recommendations of the Regulatory Subcommittee.

### **One-Stop Development Center**

One of the first issues the Subcommittee considered was the City's building permit process. The process causes great frustration for developers and other end-users ("the customer") and is believed to be a significant impediment to customers doing development in the City.

On August 26, 2002, members of the Subcommittee visited the "One-Stop Center" in Dayton, Ohio. The group met with center management, the chair of the private-sector group charged with reviewing Dayton's permitting process, and Ben Graham, who assisted in facilitating the development of the center and the City's process revisions.

Other cities like Columbus, St. Louis, Dallas and Oakland have created one-stop permitting centers to make the process more user-friendly. Based upon the success that Dayton and these other cities across the U.S. have had, the Subcommittee determined that Cincinnati would benefit greatly from a one-stop development center.

The Subcommittee recommended that the center be: housed in a separate location from City Hall; easily accessible to the public; made up of plan examiners from all relevant departments (B&I, Fire, Water, MSD, Zoning, Transportation, etc.); run by a single administrator; and designed by staff assigned to the center. The center should also have a representative from the City Manager's Economic Development Division and the Department of Community Development and Planning to guide customers through the development process.

The Subcommittee recommended that the City of Cincinnati hire the Ben Graham Corporation to map the process of acquiring various types of building permits and to work with City staff to streamline the process where possible. He was hired in October, 2002 and presented the results of his process mapping to the Task Force at its October 29 meeting- 473 steps to acquiring a building permit. He began working with a team of City staff in January to identify areas where the process can be streamlined. The results are expected to be introduced in May, 2003.

### Regulatory Oversight Committee

The Regulatory Subcommittee also recommended the creation of a Regulatory Oversight Committee. This group will serve as an ongoing advisory board to the City of Cincinnati regarding potential regulatory impediments to development. Those issues cited by the committee as barriers would then be reported to City Council in the form of a resolution. Similar committees have been established in San Diego and Dayton and have made great strides to improving the development process within city limits.

The Oversight Committee will be responsible for creating an annual report card of the City's progress in improving its administrative processes. This report will be published in the local newspapers as well as on the City's website.

Members of the Regulatory Subcommittee will continue to serve as volunteer members of the Regulatory Oversight Committee. They recommended that other interested parties throughout the City be considered as volunteer members, including minority and female leaders.

### Cincinnati Business Blitz

The Business Blitz was a first-strike business retention and expansion program created by the Regulatory Subcommittee to target "at-risk" businesses with 10 to 500 employees within the City limits. In cooperation with the Greater Cincinnati Chamber of Commerce and the Fifth Third Bank Call Center, an estimated 1,500 companies were contacted. Those companies indicating an interest will be interviewed by economic development professionals to discuss any action that can be taken to prevent them from having to relocate outside the City.

The Subcommittee recommended that the business blitz become an ongoing program in which the City play a key role with follow-up by the Mayor, members of City Council, and appropriate staff from the City Manager's Economic Development Division and the Department of Community Development and Planning.

### **INCENTIVES SUBCOMMITTEE**

The Incentives Subcommittee first met in August, 2002. Task Force members on this Subcommittee included: Pete Strange, Dale McGirr, James Ritter, Jim King, J.J. Johnson-JioDucci, and Donald Troendle. Rose Vesper (Governor's Regional Office) and Randy Welker (Partnership for Greater Cincinnati) also served on the Subcommittee as subject matter experts. This Subcommittee met 1-3 times per month during the span of the Task Force.

The purpose of the Incentives Subcommittee was to review the programs currently offered by the City of Cincinnati as well as programs successfully used in other communities. The Subcommittee was then charged with recommending specific programs from other cities that should be considered for introduction in Cincinnati.

Discussed below are four of the Subcommittee's recommendations. Attached as Appendix B are the full recommendations of the Incentives Subcommittee.

### Establish Guidelines

The Subcommittee recommended that city departments create annual business plans outlining policies, goals, guidelines and procedures. These plans, which should be tied to department budgets, would include input from stakeholders and be approved by City Council and the Mayor. With these plans established, the Mayor, City Council, City Manager and the Administration, as well as the citizens of the city, would all have a clear understanding of what is expected and what is or is not accomplished by the city.

There are currently no established guidelines so there tends to be a misperception that the City of Cincinnati's incentive programs are entitlements. In fact, they are not entitlements but gap fillers. The City of Austin has created a method of scoring projects according to a number of priority factors. The main objective of the Austin model is to account for their rapid growth rate and to prevent the deterioration of the city as a livable area by overcrowding. While Cincinnati is not faced with the same problems,- it is actually faced with the opposite problem of rapidly losing residents- it could benefit from the creation of an objective process for providing funding to development projects. Therefore, the Subcommittee recommended that the City of Cincinnati consider the formation of a criteria matrix similar to Austin's.

### Programs

The Incentives Subcommittee, with assistance from KMKC, researched the incentive programs offered in: other Ohio cities (Cleveland, Columbus, Toledo, Dayton); Portland, Oregon; Kansas City, Missouri; Pittsburgh, Pennsylvania; Dallas and Austin, Texas; Boston, Massachusetts; and Louisville and Northern Kentucky. The group determined that there was no "silver bullet" incentive and that most communities were working with similar programs. The difference in success was usually dependent upon the allocation of those programs according to priorities established by city government or development authorities.

For instance, other cities cited tax increment financing (TIF) districts and public/private development funds as keys to their revitalization because they each took some level of risk taking by leadership and an engaged private sector. There was considerable effort made in 2001 to create TIF districts under Ohio Revised Code guidelines and the City of Cincinnati played an integral role in the passage the enabling legislation.

The Subcommittee strongly believed that the City's 11 TIF districts are critical to future development in the City and that it should not let its effort go to waste by not fully utilizing them as a powerful financing tool. The Subcommittee recommended that the use of TIF district funds be aggressive as a bonding source, and as a way to proactively attract/retain/expand development through facilitating projects. It was recommended that the TIF district revenues be delegated to the Cincinnati Development Authority.

### Marketing Materials

One of the first issues considered by the Incentives Subcommittee was the City's marketing materials, or lack thereof, regarding its incentive programs. There were no comprehensive materials, print or online, describing and promoting the City's development programs and services. In fact, the City's development website had general contact information and very little information regarding development.

The Subcommittee recommended that the City redesign its website to be user-friendly and include the following: message from Mayor, City Manager and Department Directors; demographic information; mission; department guidelines; policy/procedure descriptions; state & local business assistance information; community assistance information; contact information; sample projects; reasons why businesses should expand, relocate, or remain in the City; and a FAQ section. The City has redesigned and launched its website (<http://www.cincinnati-oh.gov>), which is a vast improvement from the previous site.

### Public Policy Advocacy Group

The success of cities like Columbus and Cleveland at the state level in acquiring funding has been due in large part to the fact that those communities each approach state officials with a similar voice and a comprehensive strategy. Cincinnati, however, has traditionally approached the state on case-by-case bases with many different people advocating for many different projects. Rather than presenting a package of projects that, if fully funded, would collectively improve the City of Cincinnati, individual projects have been presented without any priorities or coordination associated with them.

The Subcommittee recommended the creation of a Public Policy Advocacy Group to implement and drive a new method of approaching state and federal government. This group, made up of appropriate stakeholders as determined by the Mayor, Council and the City Manager, would pursue any state or federal legislative or executive branch decisions that would promote development in Cincinnati through introduction of new incentive programs, or other types of assistance.

## **COORDINATION SUBCOMMITTEE**

The Coordination Subcommittee first met in August, 2002. Task Force members on this Subcommittee included: George Schaefer, Rick Kimbler, J.J. Johnson-JioDucci, Nick Vehr, Kathy Schwab, Dan Staton, Terry Sievers, Robert Richardson, and Renee Mahaffey-Harris. Kathy Merchant (Greater Cincinnati Foundation) also served on this Subcommittee.

The purpose of the Coordination Subcommittee was to analyze the City's economic development delivery system. The Subcommittee was charged with recommending how economic development could best be delivered within the City of Cincinnati, including consideration of an independent development authority.

Before the Subcommittee began considering the economic development delivery system for the City of Cincinnati, it first wanted to know which organizations were involved in economic development. Therefore, the Subcommittee sent a questionnaire to various economic development entities throughout the city. Many of these organizations were actually in the process of redefining their focus areas and results of the questionnaire showed that most of the respondents were performing complementary services or were “niche players.” The key, then, was to determine what role the City would and should play in delivering economic development services.

The Coordination Subcommittee spent several months working with the Regulatory Subcommittee to develop the most effective structure for delivering economic development in the City of Cincinnati. The group collaborated with John Alschuler, the President of Hamilton, Rabinovitz & Alschuler, Inc., a New York economic development firm hired by the City of Cincinnati, the Cincinnati Business Committee and the Regional Initiatives Fund to lead the Center City Plan and possible creation of a private-sector-driven development corporation. The purpose of this collaboration was to ensure that the Task Force and Mr. Alschuler were following parallel tracks with regard to the new economic development delivery system. KMKC had numerous meetings and conference calls with Mr. Alschuler and representatives from HR&A to discuss the recommendations of the Task Force and to coordinate them with HR&A’s ideas for their own future recommendations.

Below are the recommendations regarding the delivery system in the City of Cincinnati. Attached as Appendix C is a summary of the recommendations.

#### *City Manager’s Economic Development Division (EDD)*

**Purpose:** The EDD will serve as the primary point of contact within City Hall for developers, development authorities and development corporations that are promoting economic development projects throughout the City. It will be a proactive resource charged with facilitating economic development throughout the City.

**Strategic Focus:** The primary focus of the EDD will be to manage requests for City funding (or passthrough funding) for economic development projects in the City, to take significant responsibility for the development and/or redevelopment of industrial corridors and commercial corridor revitalization within targeted neighborhoods, and to serve as the liaison/expeditor between the development community and all relevant regulatory processes within City departments. The EDD will also be responsible for coordinating the planning of economic development related projects in the City of Cincinnati.

With regard to the management of City funds for economic development projects, the EDD will be responsible for the following programs:

- Property Investment Reimbursement (PIR)
- CDBG Float Loan
- Job Creation Income Tax Credit



The Incentives Subcommittee has previously made recommendations regarding the implementation of additional economic development incentives. The consideration and introduction of those and any other programs as part of the EDD's portfolio should be assessed by the implementation team within City government. In addition, the EDD will coordinate with the Department of Community Development and Planning when utilizing programs within that department.

As part of fulfilling its mission, the EDD will serve as the entity within City government responsible for job retention activities as well as coordinating the City's job attraction/expansion activities with outside economic development entities, including but not limited to the Cincinnati Development Corporation, the Cincinnati Development Authority, the Partnership for Greater Cincinnati (Greater Cincinnati Chamber of Commerce), Downtown Cincinnati Inc., Hamilton County Development Corporation, LISC, Neighborhood Business Districts, etc.

**Structure:** The EDD's organizational structure is derivative of its function as a division within the office of the City Manager. It is recommended that the division have 5-7 staff members comprised of the following:

***Director-*** This non-civil service position will report directly to the City Manager and provide overall leadership and direction in developing, coordinating and implementing strategies and programs to attract, retain and expand business and industry in the City of Cincinnati.

The Director will work closely with the City Manager in: developing and implementing economic development strategies; providing job attraction, business retention and expansion assistance; leading the customer-focused division of 5-7 highly-skilled professionals in structuring and packaging economic development deals; serving as the liaison to outside economic development entities and other businesses or groups involved in supporting economic development in the City; taking responsibility for development projects with significant public investment required; and working with other public development agencies to ensure appropriate financial leveraging and resource coordination and maximization.

The Director must have experience in packaging incentive and related financial elements, with associated personal analytical expertise, and be capable of analyzing all aspects of a project as well as assisting businesses develop financial proposals.

***Financial Underwriter/Specialist-*** This non-civil service position will report to the Director of the EDD and work to ensure that the City uses its economic development resources most effectively, and that incentives are applied most appropriately and efficiently. This individual will be responsible for performing cost/benefit analyses for each economic development project, evaluating the use of incentives and other assistance to economic development projects, establishing financial criteria for evaluating economic development deals, and making recommendations to the Director regarding the level of public resource support for projects.

***Legal Counsel-*** This individual will serve as legal counsel to the EDD and will be responsible for promoting economic development opportunities in the City. He/she must be knowledgeable in the areas of public finance, real estate, environmental, zoning, and housing law and any other areas pertaining to economic development within the City.

***Project Specialist/Development Officer (2)-*** This non-civil service position reports to the Director of the EDD and is responsible for ensuring that City government responds effectively to address the needs of firms seeking to expand in, come to, or remain in Cincinnati.

This individual will work with firms or organizations to address their needs in seeking to expand in, locate, or remain in the City, including areas such as financing, tax incentives, site availability, workforce availability, etc. He/she will also be responsible for working in collaboration with the Department of Community Development and Planning on a case-by-case basis.

He/she will be responsible for ensuring that regulations do not act as impediments to economic development activities and projects. He/she will also assist firms seeking to locate, remain or expand in Cincinnati to overcome regulatory barriers to their objectives. This individual will work with the Regulatory Oversight Committee as well as City departments to modify policies and procedures where necessary to facilitate economic development.

He/she will also work in alignment with a City-focused element of the Greater Cincinnati Chamber of Commerce/Partnership for Greater Cincinnati dedicated to job retention/creation/attraction in the City of Cincinnati.

***Support staff-*** This individual(s) will be responsible for providing administrative assistance to the members of the EDD.

**Funding:** This division will be funded with the City's General Funds.

**Alignment:** It is important that the DCDP and the EDD maintain a regular line of communication. There will undoubtedly be projects where the expertise of the staffs will complement each other and require collaboration so a coordinated/integrated effort will be necessary.

The Regulatory Subcommittee previously recommended the creation of a One-Stop Development Center. The center will be housed within the EDD while coordinating its efforts with the DCDP. It will include representation from the EDD and DCDP to better address the needs and demands regarding development issues.

**Implementation:** The Mayor, City Council, City Manager and Administration will be responsible for determining the proper function, staff and funding levels for the EDD. Recommendations from this team should be presented to Council for consideration by June 18, 2003.

### Department of Community Development & Planning (DCDP)

**Purpose:** The DCDP will develop and administer neighborhood services, human services, small business services, and planning services to the citizens and businesses of Cincinnati and its neighborhoods.

**Strategic Focus:** The DCDP will be responsible for coordinating and directing the development of Cincinnati's neighborhoods. It will do so by integrating neighborhood services and development through a new structure and programs. The result of this integration will be a more highly-focused and effective team dedicated to improving the City's neighborhoods.

The DCDP will also be responsible for directing the urban planning functions of the City of Cincinnati. The DCDP should work in collaboration with the EDD, CDC and CDA to ensure that the City's planning does not serve as an impediment to the creation/retention/expansion of jobs in the City of Cincinnati.

**Structure:** As a department within City government, the DCDP Director reports directly to the Assistant City Manager for Operations and is responsible for managing the day-to-day activities of the department.

The major complaint heard from the development community regarding the existing Department of Community Development and Planning is that there are too many different pieces to the puzzle, thus sacrificing expertise and efficiency. DCDP should be segmented into disciplinary teams to capture the skills and expertise of its staff members. This structure will have a positive impact not only on the overall work product of the department but also on the community's perception of it. A coordinated, easy-to-use department dedicated to addressing the needs of the City's neighborhoods would be welcomed by the City's residents and the development community.

Possible teams include: housing; small business; neighborhoods; and land use. Particular staff members should be a part of multiple teams when appropriate. However, DCDP must be cautious when doing this to avoid stretching staff too thin.

The DCDP will be responsible for administering government funded neighborhood development programs. These programs include:

- Neighborhood Revitalization
- Rental Rehabilitation
- Small Business matters (including Linked Deposit Program w/significant emphasis on neighborhood business district redevelopment and/or reuse)
- Cincinnati Homeowner Infill Rehab Program (CHIRP)
- HUD Section 108 Loan Guarantee Program
- Community Support Services & Special Projects
- Human Services Operating Grants
- Public Facilities and Improvement Grants
- Emergency Shelter Grant Program

- Cincinnati Land Reutilization Program (CLRP)
- Enterprise Zone
- CRA Tax Exemptions

The newly reorganized Small Business Division within the DCDP will coordinate its efforts with the EDD on all relevant attraction/retention/expansion projects.

DCDP should, when appropriate, outsource the administration of certain programs. This model has been used and proven to be successful in the administration of the SBA 504 Program and the Regional 166 Loan Program which are outsourced to the Hamilton County Development Corporation (HCDC). It is recommended that the administration of the City's Small Business Loan Fund be contracted to a third party to be determined by the Mayor, City Manager, City Council and the Administration.

In order to best leverage the resources available for neighborhood development, the DCDP should, when appropriate, partner with community action agencies, community-based nonprofit service providers, neighborhoods development corporations, neighborhood business districts, and other private-sector entities involved in neighborhood development.

**Funding:** This department will continue to be funded by the City's General Fund.

**Alignment:** It is important that the DCDP and the EDD maintain a regular line of communication. There will undoubtedly be projects where the expertise of the staffs will complement each other and require collaboration so a coordinated/integrated effort will be necessary.

The Regulatory Subcommittee previously recommended the creation of a One-Stop Development Center. This center will include representation from the EDD and DCDP to better address the needs and demands regarding development issues.

**Implementation:** The Mayor, City Council, City Manager and Administration will be responsible for the reorganization of the Department of Community Development and Planning. Recommendations from this team should be presented to Council for consideration in conjunction with the creation of the EDD by June 18, 2003.

#### *Cincinnati Development Authority (CDA)*

**Purpose:** The CDA will serve as a quasi-governmental entity with citywide jurisdiction. It will be the vehicle for creating, managing, executing and continuously refining the economic development strategy in the City of Cincinnati. This entity shall exist per the guidelines of §4582 of the Ohio Revised Code ("ORC") regarding port authorities.

**Strategic Focus:** The CDA will participate in economic development projects involving public/private partnerships located anywhere in the City utilizing its powers to own, build, lease and finance such projects. It will be the entity responsible for managing economic development

projects where there is significant City funding involved. Specifically, the CDA will take primary responsibility for brownfield redevelopment throughout the City, completion of The Banks, and implementation of specified economic development projects identified by the City and the private-sector-led CDC. The CDA will also work with the EDD in coordinating the planning of economic development related projects in the City of Cincinnati.

**Structure:** The preferred structure recommended for the CDA is that it be a quasi-governmental entity as provided for under §4582 of the Ohio Revised Code. The CDA will be governed by a 9-11 member Board of Directors appointed by the Mayor, with the advice and consent of City Council. To become a member of the Board, individuals must be residents of the City. As required in Ohio law, the Board will elect its Chair. The Board should have some level of alignment with the private-sector real estate corporation Board.

Staffing levels and required expertise will be determined by the Port Transition Team.

The CDA will function in the same manner as a fully empowered port authority under Ohio law. The only limitation will be that it not have the power to submit a property tax levy to City of Cincinnati voters. Its activities should include: managing the City's urban revitalization program and TIF district funds; bond fund financings for smaller companies, including but not limited to Industrial Revenue Bonds ("IRBs") and Industrial Development Bonds ("IDBs"); Certificate of Participation obligations ("COP"); off-balance sheet lease financings for major corporate headquarters and similar projects; acquiring/holding real estate for land banking purposes prior to implementation of projects; working in collaboration with the City and the development corporation on given projects to complement their activities; and perform such additional economic development functions as provided for under Ohio law.

In addition, the CDA could, where appropriate, work on projects outside the City of Cincinnati at the request of any Ohio political subdivision. These projects can be completed through cooperative arrangements pursuant to O.R.C. §4582.431

**Implementation:** A Port Transition Team should be formed to work through the process of creating the CDA recognizing the many issues important to both the City and County. It is recommended that this team be comprised of Valerie Lemmie, David Krings, Jack Rouse, Nick Vehr, Keith Glaser and J.J. Johnson-JioDucci. Bruce Jones and Chip Gerhardt are recommended as complementary staff members to provide relevant advice. This team will make its recommendations regarding staffing, funding, functions, etc. to the Mayor and City Council for consideration by June 18, 2003.

#### *Cincinnati Development Corporation (CDC)*

**Purpose:** The CDC will serve as a non-profit, privately-led corporation responsible for enhancing downtown Cincinnati's position as a regional center of high value employment, housing, as well as arts, culture and entertainment. It is understood that earnings tax paid against salaries earned by downtown Cincinnati workers disproportionately supports basic city services provided throughout the City of Cincinnati.

**Strategic Focus:** The primary focus will be on the implementation of projects and programs that strengthen the core assets of downtown. Specifically, the CDC will focus on three precincts: Fountain Square, Over-the-Rhine, and The Banks; as well as downtown housing, office, arts, entertainment, sports and retail. The CDC and the CDA will work collaboratively on all economic development projects in downtown so as to take full advantage of their respective resources and abilities. It is expected that the CDC and CDA will collaborate with the EDD on downtown related projects.

**Structure:** The CDC will be a non-profit, private-sector-led corporation. The Board of Directors will be comprised of 9-11 senior-level CEOs from the downtown business community. The President of the CDC should be retained as a result of a national search. Staff will be senior executives with substantial experience in planning and executing large-scale public/private real estate development transactions and should be familiar with the political environment of development as well as the technical aspects of the development process.

The Equity Fund will become a subsidiary of the CDC, operating as the CDC's private-sector investment window. The Equity Fund subsidiary will have a Board of Directors representative of its investors that will make investment decisions and, to the extent possible, will be closely aligned with the CDC Board.

**Funding:** The initial operating funds for the CDC will come from the private sector. Private sector contribution levels should be explored and the potential for securing operating support from foundations or other philanthropic sources should also be considered.

The CDC, in collaboration with the CDA, could also use proceeds from the City's TIF districts to support the issuance of bonds for capital projects in the Center City.

**Implementation:** The sponsors of this effort are in the process of developing the appropriate staffing, funding, and functions of the CDC.

## **CONCLUSION**

In all, the Mayor's Economic Development Task Force had 23 recommendations regarding ways in which to improve the City's economic development system.

1. Proactive early warning system- Business Blitz
2. Streamlined Permit Process
3. One-Stop Development Center
4. Regulatory Oversight Committee
5. Quality of Life Court
6. Planning
7. Zoning Code
8. Economic Development
9. Community Development
10. Economic Development Mission and Vision for City
11. Effective Marketing Materials
12. Public Policy Advocacy Group
13. TIF Districts
14. Development Fund(s)
15. Arts & Culture Fund
16. Tourism Development Act
17. Special Improvement Districts
18. Cincinnati Housing Development Fund
19. Smart Growth Criteria Matrix
20. City Manager's Economic Development Division
21. Department of Community Development & Planning
22. Cincinnati Development Authority
23. Cincinnati Development Corporation